



Internet Monetization Study

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Agenda

- Project overview
- Key findings
 - Internal
 - External
- Options overview
- Recommendations and conclusions
- Outstanding issues & next steps



Project overview

Situation

- Access SF is San Francisco's designated nonprofit manager of public access television since 1999, offering:
 - low-cost training in media and television
 - access to equipment and channel time, and
 - state of the art facility resources for citizens & nonprofits
- With 300+ producer-members, the station cablecasts over 2,500 hours of original local programming on Cable Channel 29, reaching 217,000+ households via Astound, AT&T, and Comcast

Complication

- Recently, Access SF introduced online streaming to its website, www.accessf.org, providing 24/7 access to program content
- The state's new video franchising system has changed traditional PEG funding structure, requiring Access SF to explore income diversification

Key questions

- **Should Access SF monetize its online website, accessf.org?**
 - Is it "on mission?" What alignment issues arise? (internal)
 - How do nonprofits (public access and other) approach internet monetization schemes? What can we learn from them? (external)
- **What options does Access SF have in leveraging its online website?**
 - Which options are ideal?
 - How impactful are these from a ROI perspective?





Analytical approach

Should Access SF monetize its online website?

Internal analysis

- Board, staff, and donor interviews
- Option development (using web traffic analytics)

External analysis

- Benchmarking and best practice sharing
- Expert interviews and brainstorming



Conclusions / recommendations / next steps



Interviews and resources

Internal Analysis

Board and Staff

- Kumar Subramanian, Board Member
- Aaron Vinck, Access SF Assistant Director
- Hayato Yoshida, Board President

Donors

- Barry Fraser, Policy Analyst at SF Dept of Telecommunications and Info Services

External Analysis

Public Access

- Paul Congo, City of Marina
- Laurie Cirivello, Grand Rapids
- Barbara Popov, Chicago
- Sam Behrend, Tucson

Industry

- Josh Bettenhausen, Web Developer
- Paula Manley
- Saqib Mausoo
- Alison Powell, The Bridgespan Group



Executive Summary

Key Findings

- Concerns around **mission alignment** exist, but can be overcome
- Website advertising requires potentially significant **upfront investments** as well as a **dedicated resource**
- Few (if any) public access stations have monetized the internet space to date; even the **largest nonprofits don't advertise heavily**
- There are several **non-advertising** potential revenue generators

Recommendations

- Explore **non-advertising online revenue options** first (e.g. equipment sales, social networking) to generate site traffic and then explore **easy to implement (and high value)** advertising options (e.g. Google AdSense)
- Hire a **dedicated resource** (or intern) to explore other online options

Next Steps

- **Prioritize** both ad-related and non ad-related monetization options
- Determine both the **financial and labor investments** Access SF is willing to make in developing its online presence



Monetization is an option *if done right*, despite concern about mission alignment

There is some concern about staying true to the public mission...

*"I have mixed feelings given that **we're a nonprofit**, [and I'm] not that excited about having **commercial entities tied into what we do.**"*

But all agree monetization is a natural next step...

*"Given the **challenges down the road with operating funds**, we encourage [Access SF] to be **creative in generating additional income.**"*

And the challenge will be in execution and ROI attainment

*"Advertisements shouldn't be the main source of income but can be a **good supplement.** The goal should be **diversification.**"*

*"One concern is the **additional workload** involved – do we have the right resources to support this, given that we're so small?"*

*"It only makes sense to pursue this if we expect **revenues to exceed the cost** of setup and maintenance. Time is money."*



Furthermore, monetization will require other upfront investments

	Tracking unrelated business income	Determining sponsor/ advertiser criteria
Key questions	<ul style="list-style-type: none"> How will internet advertisement based revenues be taxed? What tracking processes must be put into place? 	<ul style="list-style-type: none"> What criteria should Access SF use to screen/ prioritize sponsors? Which advertisers should Access SF flatly reject? Actively pursue?
Activities	<ul style="list-style-type: none"> Working with an auditor to understand specific tax treatment Establishing a system to monitor and report unrelated business income 	<ul style="list-style-type: none"> Determining desirable and undesirable qualities of advertisers (based on mission alignment) Developing preliminary screening criteria and process
Resources	<ul style="list-style-type: none"> Tax authorities / auditors Board expertise Other Access centers <ul style="list-style-type: none"> E.g. Tucson and software program 	<ul style="list-style-type: none"> Users Board and staff Past and present donors



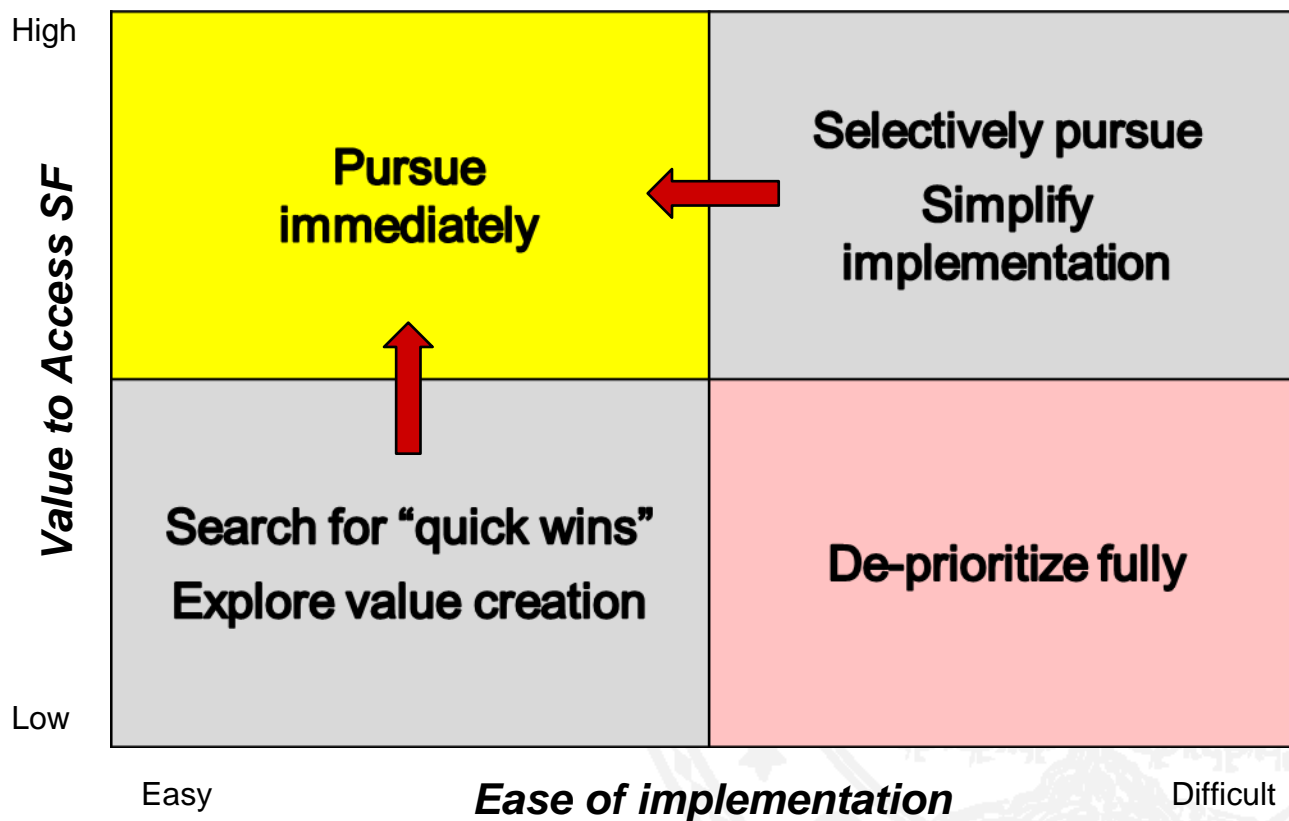
Criteria may be set to focus on highly relevant advertisements – or not



	Highly desirable	Relevant	Acceptable	Unacceptable
Description	<ul style="list-style-type: none"> Extremely relevant to Access SF's mission Viewed favorably by users; high click through potential 	<ul style="list-style-type: none"> Related to Access SF's mission or operations Users can see link 	<ul style="list-style-type: none"> Generally unrelated to Access SF; mostly revenue play Typically advertiser sees more value than website host 	<ul style="list-style-type: none"> Clear violations of what Access SF stands for Illegal, immoral, or otherwise off-mission
Industry examples	<ul style="list-style-type: none"> AmeriCares and Nestle Waters North America 	<ul style="list-style-type: none"> PBS and Fidelity college savings plan Nature Conservancy and Abercrombie & Kent 	<ul style="list-style-type: none"> Village Voice and British Airways 	<ul style="list-style-type: none"> <i>No live examples, but could be any nonprofit and a sex, drug, or alcohol company</i>
Potential options	<ul style="list-style-type: none"> Digital and A/V equipment and accessories (Apple/ Sony/ Canon) Media publications and software 	<ul style="list-style-type: none"> Local and community businesses (including local chapters of larger corporations, e.g. retail banks) 	<ul style="list-style-type: none"> Advertisers available via Google AdSense or DoubleClick 	<ul style="list-style-type: none"> Not recommended



Revenue options can be prioritized by ease of implementation and value to Access SF





Google AdSense: vendor overview

What is it?

- Google's AdSense selects and places advertisements based on the site's content and key words
- Format is highly customizable (size, colors, media)

Key Benefits

- "Plug and play" solution – as simple as pasting HTML code
- Reliability and ease of payment process
- For-profit websites have seen significant financial benefits

Associated Costs

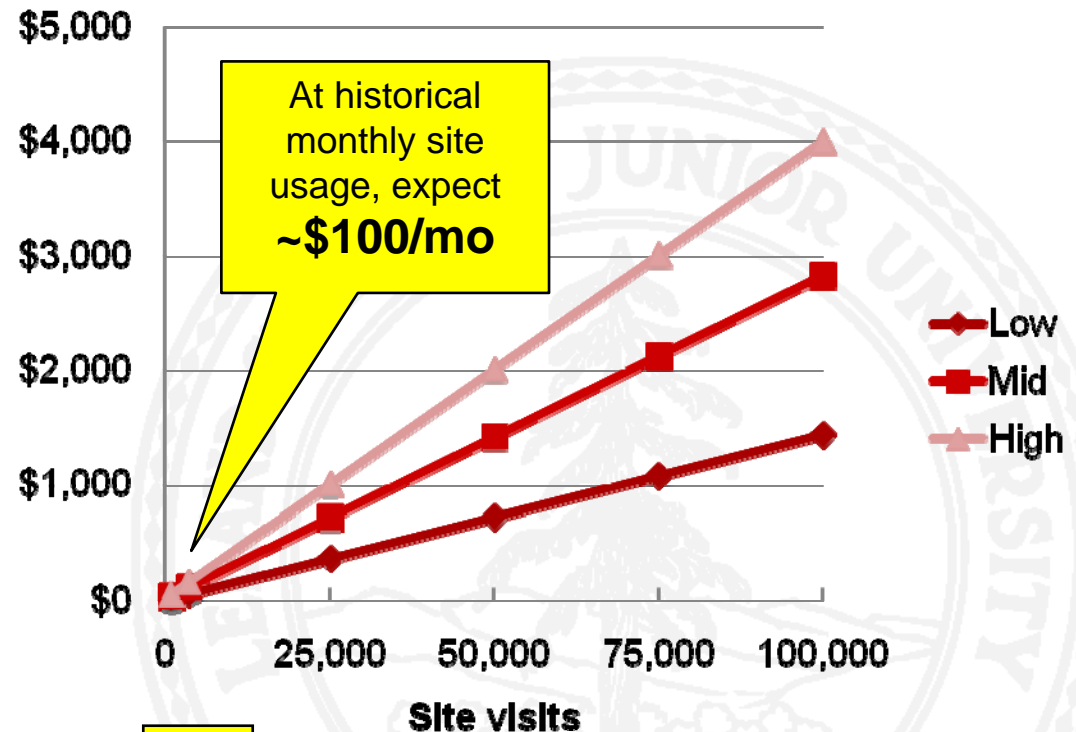
- May "clutter" Access SF website – both aesthetically and emotionally
- Until site scales, may provide only limited revenue upside



Google AdSense is low-cost but offers limited upside given site traffic

- At historical site traffic of ~4000 visits per month, Access SF can expect ~\$100 in monthly revenue
- Scenarios are based on available revenue data and assume:
 - Low: \$.0143 per visit
 - Mid: \$.0282 per visit
 - High: \$.04 per visit

Project AdSense monthly revenue



Absent significant site traffic, AdSense may not be a preferred option



DoubleClick In-Stream: vendor overview

What is it?

- DoubleClick In-Stream is a video ad serving solution that helps monetize video assets
- Contains trusted trafficking, targeting, forecasting and reporting features

Key Benefits

- Monetize streaming assets while maintaining control and flexibility
- Streamline in-stream advertising along with rich media and display advertising
- Access trusted reporting and metrics

Associated Costs

- Advanced metrics including mutes, midpoints, pauses, restarts, average view times, and fullscreen views may be more than Access SF needs at this time
- May require additional technical expertise to manage in-stream video content



Video hosting and in-stream ads: option overview

What is it?

- Separate website hosts content and is available 24/7 as community VOD (video on demand) service
 - Feature exists on site today but is limited to select programs
- Advertisements on page and between / before videos

Key Benefits

- Creates comprehensive online library of community media
- Fully integrates advertising using video sharing as platform
- Proven revenue opportunity with sufficiently high traffic

Associated Costs

- Requires significant upfront and ongoing investment, including initial website design and setup, servers and content management software, and maintenance
- Also requires sophisticated tracking of user demographics to better match advertiser criteria



Revenue opportunities large but hosting and in-stream ads unlikely in short-term

Scale →

	Current levels	Double content, traffic, penetration	Significantly scaled
Minutes of online video	3,000	6,000 (2x)	60,000 (20x)
Visitors per month	~4,000	~8,000 (2x)	~80,000 (20x)
Percent who watch video	2.5%	5% (2x)	50% (20x)
Percent of video watched	100%	50%	25%
Total monetizable minutes (assuming 1 ad per minute)	~300K*	~1.2M	~600M
Potential monthly revenue at \$4 CPM (low scenario)	~\$1K	~\$5K	~\$2M
Potential monthly revenue at \$20 CPM (high scenario)	~\$6K	~\$24K	~\$12M

Note: revenue only; does not consider upfront and ongoing costs

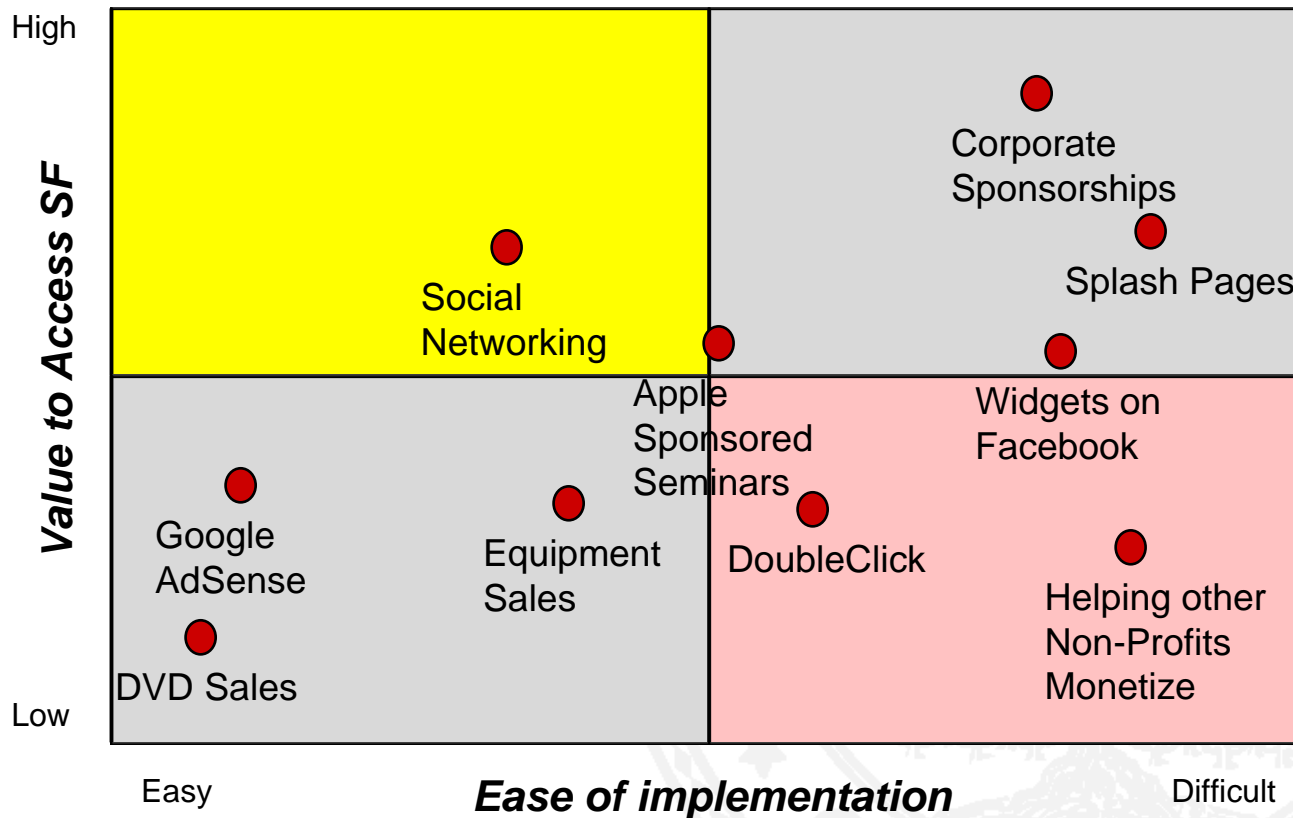


*Note: Verified with YouTube statistics (~100 views per minute per month)
Source: Access SF website and traffic statistics (via Google Analytics); interviews



Revenue options can be prioritized by ease of implementation and value to Access SF

FOR DISCUSSION





No public access websites we spoke with currently advertise

Key Themes	Implications for Access SF
<ul style="list-style-type: none">Most public access stations are concerned with “staying on mission” and are therefore hesitant to pursue advertising online<ul style="list-style-type: none">“We are doing everything we can to avoid having to advertise online.” –Barbara Popov, Chicago	<ul style="list-style-type: none">Given the realities of fewer funding sources, pursuing online advertising will become a necessity for most public access stationsAccess SF can pioneer the model of online advertising that stays on mission
<ul style="list-style-type: none">Even beyond advertising, access stations have done very little to monetize the online space<ul style="list-style-type: none">Of the major U.S. cities, only Manhattan has any commerce flowing through website through the sale of paraphernalia	<ul style="list-style-type: none">Access SF can expand simple commerce through the site through DVD/CD sales and equipment sales<ul style="list-style-type: none">Access SF already sells paraphernalia online similar to Manhattan
<ul style="list-style-type: none">Access stations are concerned that online monetization would be a substantial administrative burden for limited revenue generation<ul style="list-style-type: none">“There are few online monetization scenarios that provide more than just a little bit of money and pursuing these requires a lot of administrative attention.” – Laurie Cirivello, Grand Rapids	<ul style="list-style-type: none">There are tiers of implementation and potential upside from which Access SF can chooseHaving an employee dedicated to Access SF’s online presence will minimize the administrative burden <i>and</i> maximize the potential revenue generated and the quality of feasible options



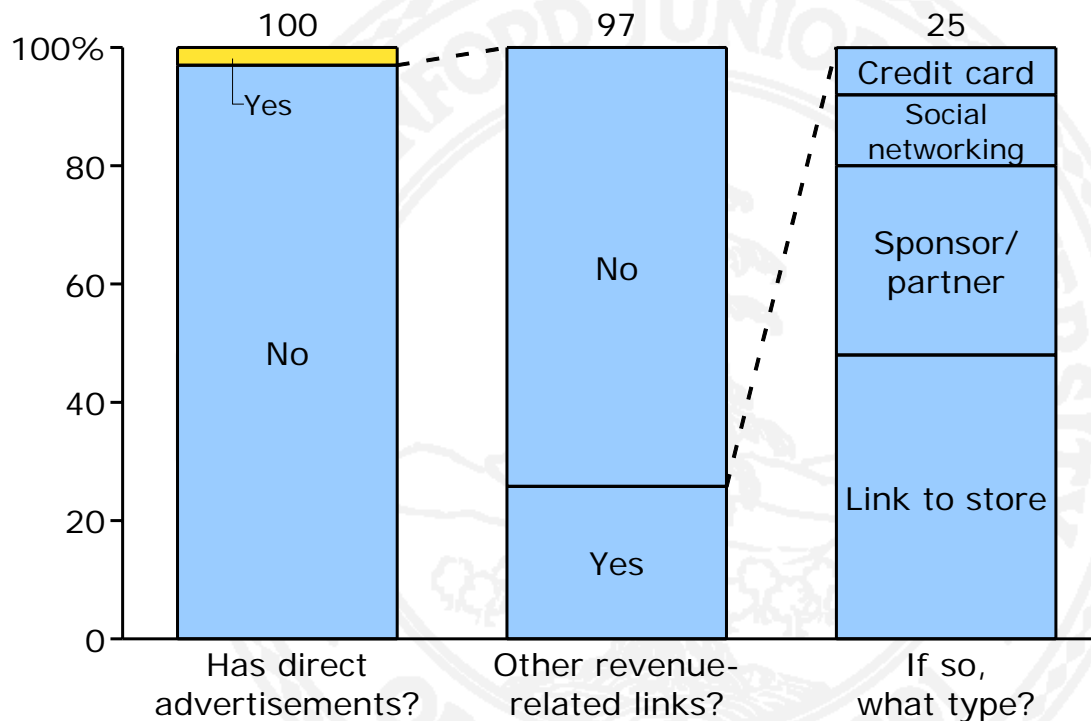
Very few of the largest nonprofits host advertisements on their websites

Advertising examples

- **Children's Miracle Network (#58)**
 - Send flowers via FTD
 - Buy magazines
- **Wildlife Conservation Society (#77)**
 - Purchase wildlife photography by Elyssa Kellerman
- **Ducks Unlimited (#81)**
 - Purchase land
 - Buy food and accessories at Hunt and Home

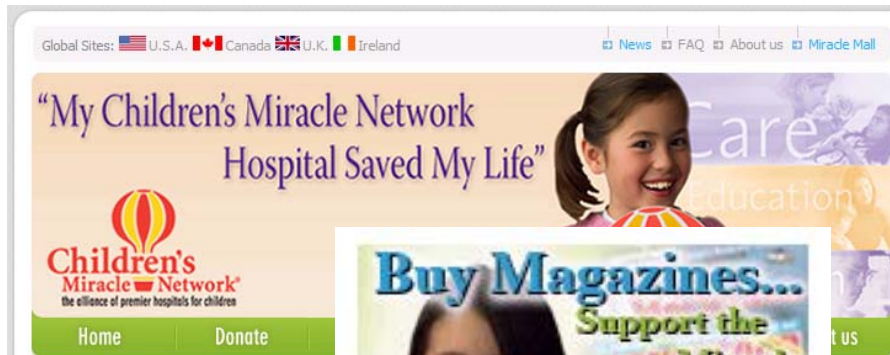
Only 3 of the 100 largest charities advertise on-site; ~25% have some revenue-related link, e.g. an online store

Largest 100 charities by revenue (2005)





Those that do maintain site relevance and place advertisements unobtrusively





Web advertising is one “lever” of many to drive site revenue

FOR DISCUSSION

Revenue Generators	Implementation
<ul style="list-style-type: none"> Increasing the flow of money through the site will raise brand awareness of Access SF and generate revenue This will also increase site traffic and, in turn, increase advertising opportunities and induce user to acknowledge Access SF in their work 	<ul style="list-style-type: none"> Sell used equipment online Sell DVDs or CDs of “Best of Access SF” material Create “online fundraisers” like KEXP radio in Seattle that drives traffic to the site Link through to products for major corporate sponsorships
<ul style="list-style-type: none"> Create opportunities for users to connect with one another online 	<ul style="list-style-type: none"> Generate social networking opportunities on the site, including interest groups and updated information about dining, recreation, etc. in SF Have itunes-like inventory of shows online where users can share and swap Create links and groups on common social networking sites like Facebook, MySpace, LinkedIn, etc.
<ul style="list-style-type: none"> Increase community involvement in Access SF 	<ul style="list-style-type: none"> Create a “short film festival” with a \$10 entry fee and a grand prize for the winner of best film
<ul style="list-style-type: none"> Serve as middleman to help other non-profits access the online space 	<ul style="list-style-type: none"> Generate a rulebook of industry “best practices” and common challenges



Conclusions and recommendations

- Internet monetization is a natural next step, despite some concerns about mission alignment
- However, very few nonprofits and public access sites do so currently; and though revenue potential is high, Access SF's current site content and traffic may not make this a viable option in the short-term
- Upfront and ongoing costs of internet monetization are high, potentially requiring a dedicated resource at Access SF
- Internet monetization should be part of a broader conversation about income diversification, leveraging other revenue opportunities that capitalize on Access SF's web assets



Next steps

- Decide as a Board the “universe” of potential monetization options in addition to site advertising revenue
- Understand potential benefits (revenue estimates) and implied costs (both financial and non-financial)
- Prioritize options based on value and ease of implementation; pursue high-value / low-hurdle options immediately!
- Consider enlisting volunteer help (e.g. interns) to continue exploring other income diversification and revenue generation options



Questions? Comments?

